NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS Congressional Information Service, Washington, D.C.

Joint Committee on Taxation
June 13, 1989
JCX-18-89

H.R. 1761: CORPORATE MINIMUM TAX

**Scheduled for Markup by the
Ways and Means Subcommittee
on Select Revenue Measures**

Possible Option

1. In order to reduce the revenue loss in the introduced bill, depreciation for ACRS property placed in service in taxable years beginning before 1990 would be modified. A depreciation system would be provided that is the same as under present law ACE except that the book method would not be taken into account and either the recovery period would be shortened or the method would be accelerated to result in a faster recovery than straight-line.

2. The present law rules relating to the treatment of discharge of indebtedness income (sec. 108) would apply for purposes of the minimum tax. Thus bankrupt and insolvent corporations would be required to reduce minimum tax attributes such as net operating losses but would not be required to pay a minimum tax currently as a result of the discharge of indebtedness.

3. The regular tax principles (sec. 263A) and not the earnings and profits rules would apply for purposes of capitalizing certain expenses. Thus, corporations would benefit from the de minimus exceptions available under section 263A.

4. The rules relating to the amortization of intangible drilling costs (secs. 291, 312, and 59(e)) would be conformed to provide for 60-month amortization beginning in the month in which the costs are paid or incurred (instead of when production commences).

5. The rules under present law ACE relating to the treatment of certain changes of ownership would be made inapplicable to changes of ownership occurring in taxable years beginning before 1990.

6. It would be clarified that the bill does not change the treatment of losses relating to certain mining properties, etc.

J862-31
H782-24

7. The Code would provide guidance on those items of earnings and profits which are included in alternative minimum tax income with authority in the Treasury department to provide additional guidance.

8. The treatment under present law (as well as under H.R. 1761) relating to the amortization schedule for policy acquisition costs under the minimum tax would be clarified.